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**U.S. TRADE REPRESENTATIVE CHARLENE BARSHEFSKY DESIGNATES
DUTY-FREE ZONE IN JORDAN AND ISRAEL**

United States Trade Representative Charlene Barshefsky today designated an industrial park in the city of Irbid, Jordan as the first "qualifying industrial zone" (QIZ) from which goods can enter the United States duty-free.

"In the long run, the road to a secure and lasting peace in the Middle East will require greater economic cooperation," said Ambassador Barshefsky. "The momentum for peace will strengthen when the people and the leadership in the Middle East realize that working with their neighbors will lead to their own prosperity. The designation of Irbid will make a concrete contribution to this process."

As a result of this designation, six new ventures are expected to immediately join the eight that are already producing in the region. Ambassador Barshefsky noted that the Middle East has one of the lowest levels of intra-regional trade in the world. Designation of the zone should lead to the type of cross-border economic cooperation common in the rest of the world. The resulting boost in productivity and efficiency should increase the living standards of those in the region.

"Israeli and Jordanian businesses have already come together in Irbid and begun to produce the fruits of peace," stated Ambassador Barshefsky. "Designation of the area as a qualifying industrial zone will enable them to export duty-free to the U.S. market and allow them to expand the scope of their cooperation."

In a letter to Ambassador Barshefsky, Israeli Minister of Industry and Trade Natan Sharansky called the designation "a significant contribution to the peace process" that will "create a microcosm of economic cooperation in the Middle East." Sharansky noted that, as economic cooperation grows, "the fruits of peace will be evident to anyone with eyes to see and ears to

hear.”

The Irbid industrial park is the first qualifying industrial zone ever designated. Legislation passed by the Congress in October 1996 authorized the President to proclaim elimination of duties on articles produced in the West Bank, Gaza Strip and qualifying industrial zones in Israel and Jordan and Israel and Egypt. In November 1996, President Clinton issued a proclamation which provided duty-free treatment to products of the West Bank and Gaza and delegated the authority to designate qualifying industrial zones to the USTR.

Israeli Minister of Industry and Trade Natan Sharansky and Jordanian Minister of Industry and Trade Hani Mulki signed an Agreement on the Irbid zone in November 1997 at the Doha Economic Conference. The Agreement created a Joint Committee to identify businesses located within the zone that involve substantial economic cooperation between Israel and Jordan. Goods processed in the zone by businesses identified by the Committee will be eligible for duty-free entry into the United States if they meet the requirements of the legislation and proclamation. The legislation requires articles to be produced in the zone and specifies that value added in the zone, Israel, the West Bank and Gaza Strip must be no less than 35 percent of the total value of the product. An Israeli Customs Station located at the Sheikh Hussein Bridge between Israel and Jordan will be part of the zone and will monitor the flow of inputs from Israel to the industrial park in Irbid.